

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

May 21, 2007

CALL TO PODIUM:

Margaret Kee
Human Resources Director

RESPONSIBLE STAFF:

Margaret Kee
Human Resources Director

AGENDA ITEM:

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
X	Resolution
	Policy Discussion
	Work Session Discussion Item
	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:

Resolution of the Mayor and City Council Authorizing the City Manager to Reject All Medical Insurance Benefits Bids Received March 20, 2007, and to Enter Into a Contract to Provide Medical Insurance to Qualified Employees

SUPPORTING BACKGROUND:

The City issued a Request for Proposals to provide medical insurance coverage for City employees in Fiscal Year 2008 (beginning July 1, 2007). Three proposals were received:

Carefirst
Kaiser Permanente
United Health Care, Inc.

After review, for the reasons described herein, it was determined that it was in the best interests of the City to allow the City Manager to negotiate a contract for providing health insurance coverage.

The lowest bid quote was from Kaiser Permanente, but physician disruption would be significant. The quotes from Carefirst and United Health Care (the City's current provider) were very similar in plan design, network of participating providers, and premium increase, but no significant savings or benefit enhancement would be achieved by changing providers. Based on these comparisons and United Health Care's long track record of providing excellent customer service to the City and its employees, a contract was negotiated to provide medical insurance to qualified City employees with United Health Care. The estimated financial impact will be approximately \$1.6 million.

DESIRED OUTCOME:

Vote on Resolution

Resolution No. _____

RESOLUTION OF THE MAYOR AND CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO REJECT ALL MEDICAL
INSURANCE BENEFITS BIDS RECEIVED MARCH 20, 2007, AND
TO ENTER INTO A CONTRACT TO PROVIDE
MEDICAL INSURANCE TO QUALIFIED EMPLOYEES

WHEREAS, the City of Gaithersburg solicited sealed bids for providing medical insurance benefits coverage for qualified City employees; and

WHEREAS, sealed bids for RFP No. 2007-012 for medical insurance benefits were received on March 20, 2007, and it was determined that both quality and cost savings would be achieved by negotiation over and above the sealed bids; and

WHEREAS, Section 57 of the Gaithersburg City Charter provides that the City Council may permit negotiations of contracts without sealed bids for products and services where, in the opinion of the Council, the interests of the City would be best served by negotiated contracts:

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Gaithersburg that the City Manager be and he hereby is authorized to reject all bids for medical insurance benefits received on March 20, 2007.

AND BE IT FURTHER RESOLVED by the Mayor and City Council that the City Manager be and he hereby is authorized to enter into a contract to provide medical insurance benefits to qualified City employees with United Health Care, 4 Taft Court, Rockville, Maryland 20852, said contract to be effective July 1, 2007.

ADOPTED by the City Council this 21st day of May, 2007.

SIDNEY A. KATZ, Mayor and
President of the Council

THIS IS TO CERTIFY that the foregoing
Resolution was adopted by the City Council,
in public meeting assembled, on the 21st
day of May, 2007.

David B. Humpton, City Manager